FYI – For Your Information

Special Regulation: Transportation Charges

- 1) The transportation of tangible personal property between a retailer and purchaser is a service presumed to be not subject to sales or use tax. Transportation charges are not taxable if they are both (1) separable from the sales transaction, and (2) stated separately on a written invoice or contract.
- a) "**Transportation charges**" include carrying, handling, delivery, mileage, freight, postage, shipping, trip charges, stand-by, and other similar charges or fees.
- b) **Separable charges**. Transportation charges are separable from the sales transaction if they are performed after the taxable property or service is offered for sale and the seller allows the purchaser the option either to use the seller's transportation services or use alternative transportation services (including but not limited to the purchaser picking up the property at the seller's location). The fact that transportation charges are stated separately does not, in and of itself, mean the charges are a separable charge.
- c) **Stated Separately**. Transportation charges will be regarded as "separately stated" only if they are set forth separately in a written sales contract, retailer's invoice, or other written document issued in connection with the sale.

- d) Intermediate or "Freight in" charges. Transportation charges incurred in connection with transporting tangible personal property from the place of production or the manufacturer to the seller or to the seller's agent or representative, or to anyone else acting in the seller's behalf, either directly or through a chain of wholesalers or jobbers or other middlemen, are deemed "freight -in" charges and are not a transportation charge exempt from tax.
- e) Overstated Transportation Charges. The amount of transportation charges excluded from the calculation of tax shall be the amount of transportation charges separately stated in accordance with subparagraph (c), provided that such separate statement is not to avoid the tax upon the actual sales price of tangible personal property.



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